



OFFICE OF AUDITOR OF STATE
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Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE

August 6, 2013

Contact: Andy Nielsen
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Auditor of State Mary Mosiman today released a report on the Iowa Department of Administrative Services for the year ended June 30, 2012.

The Iowa Department of Administrative Services is mandated by statute to provide services to other state agencies. To fulfill this responsibility, the Department is structured into the General Services Enterprise (GSE), the Information Technology Enterprise (ITE), the Human Resources Enterprise (HRE) and the State Accounting Enterprise (SAE).

Mosiman recommended the Department ensure a detailed, up-to-date capital asset listing is maintained along with establishing written policies and procedures. In addition, the Department should ensure the GAAP package information reported is complete and accurate. The Department's responses to the recommendations are included in the report.

A copy of the report is available for review in the Iowa Department of Administrative Services, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1360-0050-BR00.pdf>.

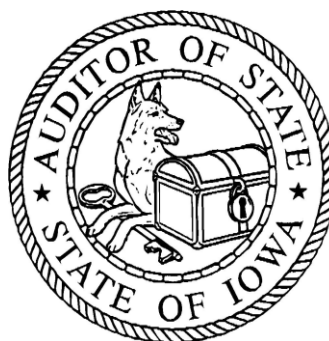
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**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF ADMINISTRATIVE SERVICES**

JUNE 30, 2012

— Office of —
**AUDITOR
OF STATE**

State Capitol Building • Des Moines, Iowa



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August 2, 2013


To Mike Carroll, Director of the
Iowa Department of Administrative Services:


The Iowa Department of Administrative Services is a part of the State of Iowa and, as such, has been included in our audits of the State's Comprehensive Annual Financial Report (CAFR) and the State's Single Audit Report for the year ended June 30, 2012.

In conducting our audits, we became aware of certain aspects concerning the Department's operations for which we believe corrective action is necessary. As a result, we have developed recommendations which are reported on the following pages. We believe you should be aware of these recommendations, which were reported in the State's Report on Internal Control. These recommendations have been discussed with Department personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the Department's responses, we did not audit the Iowa Department of Administrative Services' responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Iowa Department of Administrative Services, citizens of the State of Iowa and other parties to whom the Iowa Department of Administrative Services may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Department during the course of our audits. Should you have questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience. Individuals who participated in our audits of the Department are listed on page 6 and they are available to discuss these matters with you.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

cc: Honorable Terry E. Branstad, Governor
David Roederer, Director, Department of Management
Glen P. Dickinson, Director, Legislative Services Agency

June 30, 2012

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Reported in the State's Report on Internal Control:

- (1) Financial Reporting – The Department records receipts and disbursements in the Integrated Information for Iowa (I/3) system throughout the year, including the accrual period. Activity not recorded on the I/3 system is reported to the Department's State Accounting Enterprise (DAS-SAE) in a GAAP package. The GAAP package is to be submitted to DAS-SAE by the first week of September each year. The following were noted:
 - (a) The Department understated future minimum rental payments for operating leases by \$138,960.
 - (b) The Department understated rental expense for operating leases by \$68,286.
 - (c) The Department understated prepaid expenses by \$120,598.
 - (d) Supporting documentation for unassigned vehicles which are included in the inventory balance was not maintained.

Recommendation – The Department should ensure the GAAP Package information reported is complete and accurate.

Response –

- (a) The Department agrees with the finding of the auditor's office for item a. The Department consolidated several worksheets used to track open leases for payment verification. During consolidation, three lines were accidentally omitted. The Department has made the corrections for this item.
- (b) The Department does agree there were errors in the worksheet used to track open leases for payment verification resulting in errors in the calculation of both current and future lease payments for GAAP reporting. However, the Department does not agree with all individual items identified by the auditors, which totaled \$68K. The Department will further research, and correct if necessary the individual items identified by the auditors and implement a review process for information entered into the spreadsheets.
- (c) The Department agrees with the findings of the auditor's office for item c. To obtain a total listing of all prepaid items for GAAP reporting, various documents used to support I/3 entries were combined. One of the combined spreadsheets contained formulas, resulting in recalculated prepaid amounts. The Department will make adjustments to the review process of GAAP information going forward.
- (d) The Department agrees with the findings of the auditor's office in item d. Changes to Fleet's internal processes have been implemented so any new vehicle received is assigned a vehicle number with a category #7. The vehicle number and accounting information is placed on the vehicle

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assignment form and included in the mainframe information. This process places the vehicle into the agency's inventory and removes it from DAS unassigned, even though the vehicle may remain in the Fleet Garage lot. Vehicles can remain in category 7 until the older car reaches the maximum miles required before replacement, older vehicle is on the road, a scheduling issue or DAS Fleet garage may have to add accessories to the vehicle. The vehicle is not charged any monthly fees until the vehicle is placed into service at which point the category is changed to #8. Finance will coordinate providing the most up-to-date listing of unassigned vehicles for observation with Fleet staff.

Conclusion – Response accepted.

- (2) Capital Assets – Chapter 7A.30 of the Code of Iowa requires each department of the state to maintain a written, detailed and up-to-date inventory of property under its charge and control. The following were noted:

(a) Buildings and building improvements were understated by \$45,645.

(b) Accumulated depreciation for land improvements was overstated \$4,496.

Recommendation – The Department should ensure a detailed, up-to-date capital asset listing is maintained. Capital assets and accumulated depreciation should be properly calculated and recorded.

Response – The Department agrees with the findings of the auditor's office.

Building and building improvements were understated due to an omission on one of the numerous data warehouse pulls completed during the year to accumulate the information. This will be pulled on a quarterly basis going forward.

Regarding land improvements, while we corrected current information, we failed to correct the prior year information which resulted in the overstatement of accumulated depreciation on the land improvements. Updates to the spreadsheets have been made to show when items have been totally depreciated. In addition, notes have been made so adjustments can be made to the GAAP package for fiscal year 2013.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Report of Recommendations to the Iowa Department of Administrative Services

June 30, 2012

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Manager
Jennifer L. Wall, CPA, Senior Auditor II
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

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